



Strategic China Panda Fund

October 2019 Fund Commentary



Lilian Co
PORTFOLIO MANAGER

Market sentiment regarding China improved during October following the news of a possible trade agreement resurfacing, with the MSCI China Total Return index and CSI 300 index returning 4.0% and 1.9% respectively. Property, property management, technology, auto and healthcare sectors outperformed while telcos and oil majors underperformed. The Renminbi rebounded by 1.5% and closed the month at 7.04 to one USD dollar.

China and the US agreed on the basis for a partial trade accord that could be signed as early as November. China agreed to more than double its annual purchase of American agricultural products to as much as USD50bn while the US suspended the additional 5% import tariff on USD250bn worth of Chinese goods that would otherwise have been implemented in mid October. At the same time, the US government included additional Chinese technology companies on black lists on humanitarian ground.

China's GDP growth decelerated to 6% in the third quarter, down from 6.2% in the second quarter and 6.4% in the first quarter. This was not surprising given the drag from the year long trade dispute.

Most listed Chinese property developers recorded stronger-than-expected sales in September and October, outperforming the industry. It would appear that they are taking market share from weaker unlisted players. The market has started to appreciate the long term prospect and asset-light model of property management companies. The Team also likes this sub-sector given the high visibility of recurring income, high growth potential of the gross floor area under management and support from parent companies.

The Healthcare sector outperformed in October as the market believed there would be no more announcements regarding centralised procurement policies until the end of the year. The Team believes that centralised procurement policies relating to generic drugs will be the new norm from now on. Industry leaders will be able to offset the shrinking profit from generic drugs with solid contributions from innovative drugs.

The Fund returned 6.7%*, outperforming the benchmark by 2.6% during the period under review. The Fund's exposure to the real estate and Consumer Discretionary (primarily attributable to sportswear and Macau gaming) contributed the most to the outperformance, delivering 2.2% and 3.75% respectively, with sportswear delivering +1.3% and Macau gaming +1.4% during the period. The Investment Adviser topped up the Fund's exposure to the property sector in October given attractive valuations and yields.

INVESTMENT APPROACH

Access to the Chinese growth story through one of the leading Portfolio Managers in the region. Stock selection and net exposure are adjusted to take advantage of an insider's view of the Chinese business cycle. Invested predominantly in China stocks listed in major markets like HK, China (A/B shares) and U.S. (ADRs), offering investors greater liquidity and transparency over other forms of investments in China.

INVESTMENT OBJECTIVE

To achieve long-term capital appreciation in the value of the assets by investing in China-related securities listed in, but not limited to the Greater China region.

A sub-fund of E.I. Sturdza plc.
Registered in Ireland.

CONTACT

E.I. Sturdza Strategic
Management Limited
+44 1481 722 322
info@ericsturdza.com
ericsturdza.com

* For detailed performance information based on complete 12-month periods since inception, please refer to page 2.

PERFORMANCE DATA As at end of October 2019

CUMULATIVE PERFORMANCE %

	1M	3M	1Y	3Y	5Y	10Y	Fund Inception
USD	6.62	-1.86	19.77	38.52	30.20	90.27	218.96
USD I	6.66	-1.73	20.38	40.83	34.16	92.90	223.36
MSCI China NR USD	4.04	-0.34	12.90	32.61	33.72	57.07	121.93

CALENDAR YEAR PERFORMANCE %

	YTD 2019	2018	2017	2016	2015	2014	Annualised Inception
USD	14.12	-21.37	62.99	-2.43	-1.49	-11.51	11.04
USD I	14.59	-20.97	64.04	-1.94	-0.67	-12.84	11.18
MSCI China NR USD	11.97	-18.88	54.07	0.90	-7.82	7.96	7.46

Past performance is not an indicator of future performance.

AWARDS



See Awards Disclaimer on last page.



IMPORTANT INFORMATION

The views and statements contained herein are those of LBN Advisers Limited in their capacity as Investment Adviser to the Fund as of 15/11/19 and are based on internal research and modeling.

WARNING

The contents of this document have neither been reviewed nor endorsed by the Central Bank of Ireland or any other regulatory authority. If you are in any doubt about any of the content of this document you should obtain independent professional advice.

AWARDS DISCLAIMER

The Strategic China Panda Fund (USD I Class) received a 5-star Overall Morningstar Rating and a 5-star 10-year Morningstar Rating (USD I Class). Morningstar Ratings™ as of 31/10/2019.

© 2019 Morningstar: All Rights Reserved. The information contained herein where relative to Morningstar: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

Source & Copyright: Citywire. Lilian Co is Plus rated by Citywire for her rolling 3 year risk-adjusted performance, for the period to 31st October 2019.

BLOOMBERG DISCLAIMER

Data presented herein is obtained via Bloomberg PORT where stated. Any such data is subject to change from the date of production of this document. Such changes may impact upon comparative data between the investment and benchmark presented. Such information therefore is provided for reference purposes only, is subject to change and should not be relied upon for an investment decision.

MORGAN STANLEY CAPITAL INTERNATIONAL DISCLAIMER

Copyright Morgan Stanley Capital International, Inc. 2019. All Rights Reserved. Unpublished. PROPRIETARY TO MORGAN STANLEY CAPITAL INTERNATIONAL INC.

GENERAL DISCLAIMER - APPLICABLE TO UK DOMICILED RECIPIENTS

This communication is issued in Guernsey by E.I. Sturdza Strategic Management Limited which is regulated by the Guernsey Financial Services Commission. Any investments or investment services mentioned in this communication are not intended for retail customers. Consequently, this communication is only made available to professional investors and eligible counterparties and should not be relied upon by any person that does not possess professional experience in relation to investments. If you are in any doubt as to whether you possess suitable experience in relation to investments please consult your financial adviser. Past performance is no guarantee of future results. Under no circumstances should this document be forwarded to anyone in the United Kingdom who is not

a professional client or eligible counterparty as defined by the Financial Conduct Authority. For the purpose of distribution in the United Kingdom this material has been issued by E.I. Sturdza Investments Limited, Claridge House, 32 Davies Street, London, W1K 4ND which is an appointed representative of Mirabella Advisers LLP which is authorised and regulated by the Financial Conduct Authority. Further this communication is not an offer or an invitation to purchase financial instruments but intended as information. The information contained in this communication does not represent a research report. E.I. Sturdza Strategic Management Limited has not considered the suitability of investment against your individual needs and risk tolerance. Shares in the Fund should only be purchased by persons with professional experience and investors should refer to the Fund Prospectus and/or KIID for detailed information about potential risks involved in investing in financial instruments as well as the latest half yearly report and unaudited accounts and/or annual report and audited accounts. The information contained herein is estimated, unaudited, may be subject to change and reflects the performance of the relevant fund offered by E.I. Sturdza Strategic Management Limited during the period indicated. Any opinions or estimates expressed herein are at the date of preparation and are subject to change without notice; however no such opinions or estimates constitute legal, investment, tax, or other advice. Individual performance of the Fund may vary and historical data is not an indication of future results. The value of the Fund and the income which may be generated from it can go down as well as up and therefore investors must be able to bear the risk of a substantial impairment or loss of their entire investment. This document is intended for information purposes only and is not intended as an offer or recommendation to buy, sell or otherwise apply for shares in the Fund. E.I. Sturdza Strategic Management Limited, 3rd Floor, Frances House, Sir William Place, St Peter Port, Guernsey GY1 1GX. Part of the Eric Sturdza Banking Group. Company Registration Number: 35985.

DISCLAIMER - SWISS DOMICILED RECIPIENTS

E.I. Sturdza Funds Plc and its sub-funds are Irish funds authorized by the Irish Central Bank. They are approved for distribution in Switzerland by FINMA. The Swiss representative and paying agent is Banque Eric Sturdza SA, rue du Rhône 112, 1204 Geneva / Switzerland. Investors should refer to the fund prospectus and/or KIIDs for detailed information about potential risks associated with investments in financial instruments as well as the latest half yearly report and unaudited accounts and/or annual report and audited accounts. The prospectus, KIIDs, Articles of association, semi-annual and annual reports of E.I. Sturdza Funds Plc can be obtained, free of charge, at the seat of the Swiss representative, Banque Eric Sturdza SA. The information contained herein is estimated, unaudited, may be subject to change and reflect the performance of the relevant funds during the period indicated. Any opinions or estimates expressed herein are at the date of preparation and are subject to change without notice. No such opinions or estimates constitute legal, investment, tax or other advice. Individual performance of the funds may vary and historical data is not an indication of future results. The value of the funds and the income which may be generated from it can go down as well as up and therefore investors must be able to bear the risks of a substantial impairment or loss of their entire investments. Past performance is no guarantee of future results. Performance data do not take into consideration commissions and costs charged at the time of issuance and/or redemption of the shares. This document is intended for information purposes only and is not intended as an offer or recommendation to buy, sell, or otherwise apply for shares in the funds.